Modifications relating to spinning mill project in Maharashtra

*306. SHRI SURESH KALMADI: Will the Minister of TEXTILES be pleased to state:

(a) whether Maharashtra Government has requested the Central Government for certain modifications in the projects relating to the eleven cooperative spinning mills under construction so as to make them export-oriented units and also for financial assistance; and

(b) if so, what action Government have taken in the matter?

THE MINISTER OF STATE OF THE MINISTRY OF TEXTILES (SHRI RAM NIWAS MIRDHA): (a) Yes, Madam.

(b) Specific proposals are yet to be received on each mill for conversion into export oriented units.

SHRI SURESH KALMADI: Madam, Maharashtra is one of the biggest producers of cotton in the country and it operates the monopoly purchase scheme and it was expected to promote lot of cotton industries, especially the spinning mills. It is unfortunate that the IDBI and IFCI have refused to sanction finance to these co-operative spinning mills which are already under construction. The Textile Ministry also has gone along with them and said that no new spinning mills can come up because there is already an excess capacity of spinning mills in the country. My submission to the Textile Minister is that this is not the view of the State Government. The State Government has already spent Rs. 25 crores on this project, and Rs. 5 crores have been spent by the poor farmers of the area; they have paid Rs. 5 crores. This is not a new spinning mills project: this is an old project which was sanctioned in 1980-82. In view of this, would the Government reconsider its stand? Already, the whole mill has been constructed; machinery has come, and what they need is just a little push from the Centre and the finances and sympahy from the Textile Ministry, and these mills would come up. Would the Government reconsider its stand?

SHRI RAM NIWAS MIRDHA: The Government have received a request from the Chief Minister of Maharashtra asking for institutional finance for 11 co-operative spinning mills which started their construction work during the Sixth Plan period. The Governmment of India had set up a Standing Committee to review the progress and scope for setting up of new spinning mills in the country, in September 1985. The Committee observed that the Seventh Plan target for creation of fresh spindlage has already been achieved in the country and hence there was not much scope for creation of additional spinning capacity in the country. The problem is, our Seventh Plan target for spinning was 24.369 million spindles. We have already crossed in the first two years of the Plan 25 million spindles and, therefore, the IDBI and financial institutions are taking the view, including NCDC, that there is not much scope for having new spinning mills and, therefore, they would not be viable because of excess capacity. So, they are taking a little restrictive view for financing this thing. To get out of the problem, the Maharashtra Government is thinking of converting these mills into 100 per cent export-oriented mills for which finance is still available, but they have not yet sent formal proposals mill-wise as to how they can fit into the 100 per cent export-oriented scheme. If proposals come in proper form and are found in order, under this scheme which is still open for financing, we will consider this new request in that light.

SHRI SURESH KALMADI: Madam, few export-oriented units have been granted permission by the Central Government. The Central Government is not taking the Maharashtra Government into confidence. There were eleven spinning mills languishing for funds. It is true, the Chief Minister has written to the Prime Minister last month and requested him...

THE DEPUTY CHAIRMAN: Question Hour is over.